THE Market Administrator's BULLETIN

MARKET ADMINISTRATOR

Published at 79 East State Street, Columbus 15, Ohio
ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

MAY, 1961

Vol. 17 No. 5

Shifts to Marketing Whole Milk Continue In 1960

The Dairy Situation, Economic Research Service, USDA, April 1961

Well-defined trends in the marketing of milk by farmers have been evident for more than a quarter of a century. Sales of whole milk have increased, while sales of farm-separated cream have been declining. Quantities of milk used on farms also have been trending downward, reflecting the decline in farms with milk cows.

Total sales of whole milk by farmers in 1960 established a new record of 105.5 billion pounds, compared with 78 billion pounds in 1950. During the same period, total milk production increased only 6 billion pounds. Sales of farm-separated cream in 1960 represented only 8.2 billion pounds of milk, less than half as much as in 1950.

A number of developments have occurred to bring about persistent changes in the method of marketing milk. Most farmers have been able to increase their returns by selling whole milk instead of farm-separated cream. A strong incentive for farmers to make the shift was provided during World War II, when the Government instituted price incentives to encourage the delivery of whole milk in the interest of a more effective utilization of the nation's food supply. In the years that followed, cash returns realized from selling whole milk increased relative to returns from selling an equivalent amount of milk in the form of farm-separated cream. Additional factors which paved the way for marketing whole milk include increases in the scale of dairy farms and in the facilities for receiving and processing whole milk, and improvements in the marketing system for transporting and handling milk.

Farmers' shift to marketing whole milk rather than farm-separated cream has resulted in substantially larger quantities of solids-not-fat moving into commercial channels. Before World War II, more than half of all the solids-not-fat produced remained on the farm. But in 1940, 50 percent of the output was marketed, with the percentage increasing in every year since. In 1960, farmers sold over 85 percent of the solids-not-fat produced.

Even though the available supply of this component of milk has been increasing at a much faster rate than total milk production, the surplus, since 1953, as measured by the solids-not-fat content of CCC purchases, has remained quite stable, ranging between 5 to 8 percent of production. This reflects an increase in the demand for solids-not-fat in a number of uses, particularly cottage cheese, nonfat dry milk, fortified fluid products, and special dietetic preparations, both liquid and dry. If all farmers currently selling cream were to convert to the marketing of whole milk, approximately 650 million pounds of nonfat dry milk would be added to commercial supplies. This is about ⅔ the quantity that has been added to commercial supplies by such shifting in the last 10 years.

Milk Production Per Cow Resumes Its Upward Trend

The Dairy Situation, Economic Research Service
USDA, April 1961

Milk production per cow in March apparently moved up closer in line with the trend of recent years, after having faltered somewhat in January and February. Total milk production in March reached 10,843 million pounds, up 180 thousand pounds, or 2 percent from a year earlier. In the first quarter of 1961, 30,083 million pounds of milk were produced, compared to 30,063 million pounds in the same quarter in 1960. Adjusted for the extra day in February last year production in the quarter was 1 percent above a year ago.

The rapid increase in milk production per cow is essentially a post-World War II development, although output per cow has been trending upward from a level of 4,033 pounds in 1934. Production reached 5,000 pounds in 1947, 6,000 pounds in 1956, and 7,000 pounds in 1960. From the starting point of 4,000 pounds, it took 13 years to add the first 1,000 pounds, 9 years to add the second, and only 4 years to add the third. The average annual increase in output per cow was about 1½ percent from 1940 to 1950 and about 3 percent from 1950 to 1960. An indication of the potential for future increases is given by the performance of cows in herds where the level of management is above average. Such a group

(continued on the back page)

Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY	April 1961	March 1961	April 1960
Producers' Uniform Price (3.5%)	$3.79	$4.20	$3.63
Producers' Uniform Price (4%)	4.16	4.575	3.985
Class I (3.5%)	4.328	4.44	4.195
Class II (3.5%)	3.928	4.04	3.795
Class III (3.5%)	3.729	3.804	3.532
Class IV (3.5%)	3.119	3.090	2.904
Producer Butterfat Differential for each one-tenth percent	7.4¢	7.5¢	7.1¢

UTILIZATION SUMMARY	April 1961	March 1961	April 1960
Percent of Producer Milk in Class I	79.2	76.2	78.1
Percent of Producer Butterfat in Class I	74.5	72.4	73.2
Percent of Producer Milk in Class II	7.5	8.4	8.0
Percent of Producer Butterfat in Class II	2.3	2.7	2.5
Percent of Producer Milk in Class III	2.1	1.9	3.2
Percent of Producer Butterfat in Class III	3.6	3.4	4.8
Percent of Producer Milk in Class IV	11.2	13.5	10.7
Percent of Producer Butterfat in Class IV	19.6	21.5	19.5

PRODUCTION SUMMARY	April 1961	March 1961	April 1960
Total Pounds of Producer Milk Delivered	28,736,091	31,091,341	28,853,090
Average Daily Class I Producer Milk	758,936	764,201	723,734
Total Number of Producers	1,243	1,459	1,690
Average Daily Production per Producer	771	687	569
Average Butterfat Test	3.80	3.77	3.83
Total Value of Producers Milk at Test	$1,252,213.42	$1,368,119.14	$1,217,958.20
Income per Producer (7 day average)	$235.06	$211.74	$168.16

GROSS CLASS USE (Pounds)	April 1961	March 1961	April 1960
Class I Skim	21,954.276	22,840,754	21,712,006
Class I Butterfat	813,812	849,487	808,832
Class I Milk	22,768,088	23,690,241	22,520,838
Class II Skim	2,171,090	2,659,988	2,386,721
Class II Butterfat	24,756	31,823	27,320
Class II Milk	2,195,846	2,691,811	2,414,041

AVERAGE DAILY SALES (Quarts)	April 1961	March 1961	April 1960
Milk	293,085	303,718	297,834
Buttermilk	4,674	4,842	5,164
Chocolate	16,788	16,864	16.222
Skim	13,019	12,805	12,273
Cream	8,550	8,695	8,654

COMPARATIVE STATISTICS ★ COLUMBUS MARKETING AREA ★ · APRIL, 1952-61

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1952......	19,163,332	3.97	74.7	21.9	3.4	——	4.50	4.979	4.597	3.769	——	2,101	304
1953......	22,805,590	3.93	68.8	21.4	9.8	——	4.02	4.565	4.165	3.489	——	2,229	341
1954......	24,780,492	3.86	67.3	7.4	11.8	13.5	3.41	4.046	3.646	3.286	3.110	2,195	376
1955......	25,320,226	3.77	69.0	8.3	12.7	10.0	3.60	4.219	3.819	3.319	3.143	2,091	404
1956......	25,778,372	3.81	71.8	8.6	11.0	8.6	3.65	4.258	3.858	3.360	3.183	2,056	418
1957......	24,307,929	3.77	80.8	10.9	5.6	2.7	4.07	4.57	4.17	3.49	3.07	1,899	427
1958......	25,127,358	3.73	78.0	9.2	8.9	3.9	3.81	4.350	3.950	3.350	2.927	1,821	460
1959......	27,016,706	3.75	83.8	8.4	2.6	5.2	3.81	4.314	3.914	3.489	2.869	1,772	508
1960......	28,853,090	3.83	78.1	8.0	3.2	10.7	3.63	4.195	3.795	3.532	2.904	1,690	569
1961......	28,736,091	3.80	79.2	7.5	2.1	11.2	3.79	4.328	3.928	3.729	3.119	1,243	771

Sales and Distribution of Dairy Products By CCC

The Dairy Situation, Economic Research Service, USDA, April 1961

In the 1960-61 marketing year sales of dairy products to the CCC under the price support program were the same as in the previous year in terms of milkfat. What made the year unusual was that nearly all of the milkfat was offered to the CCC in the form of butter; cheese offerings were insignificant.

The cumulative weekly volume of butter purchases closely followed the pattern of the year before until mid-July; than it increased more rapidly. By the end of 1960-61, total butter purchases had reached 154 million pounds, compared with 135 million in the year before. On the other hand, only a nominal quantity of cheese, two-tenths of a million pounds, scattered over five weekly purchases, entered Government supplies in 1960-61. This was due to a strengthening of commercial demand, both by consumers and storers, which kept market prices above the CCC purchase price most of the time. The year before, the Commodity Credit Corporation bought more than .2 million pounds of cheese in every week from April 1 through October 30, and an annual total of 50 million pounds.

Deliveries of nonfat dry milk to the Department of Agriculture (CCC and Sec. 32 combined) in 1960-61 were 837 million pounds, somewhat less than the 857 million in the previous marketing year. However, CCC and Sec. 32 purchase contracts for nonfat dry milk in the marketing year just ended were 1,103 million pounds compared with 748 million pounds in 1959-60. But the 1,103 million pounds in 1960-61 included 288 million pounds in small containers contracted for in March for delivery during the period April to September 1961.

The Government is expected to distribute larger quantities of dairy products for domestic consumption in 1961 than last year. Potential outlets for CCC distributions of all dairy products are greater this year because more children are participating in the School Lunch Program and more persons are eligible to receive food through welfare agencies. Needy persons were added to the list of those eligible to receive CCC butter on January 10, 1961; they had already been receiving nonfat dry milk. Cold storage stocks of both butter and cheese have been larger in early 1961 than a year earlier. With dairy production increasing more than the expected aggregate consumption from commercial sources, sales of dairy products to CCC likely will be larger in 1961 than in 1960.

On a per capita basis for the total civilian population, Government distributions to domestic consumption in 1960 amounted to .5 pounds of butter, .8 pounds of nonfat dry milk, and .2 pounds of American cheese in 1960. For butter and especially for cheese, these contributions were below the average level of recent years. Total civilian per capita consumption of the three products, including the Government contributions, in 1960 was 7.6 pounds for butter, 6.4 pounds for nonfat dry milk, and 5.4 pounds for American cheese.

Export of Most By-Product Feeds Lower Than Last Year

The Feed Situation AMS, USDA, April 1961

Exports of most byproduct feeds showed a substantial decline during October-February of the current feeding year, as compared to the same months in 1959-60. The drought in Western Europe, coupled with reduced supplies from other exporting nations, created an unusually strong demand for these feeds in the fall and winter of 1959-60.

Exports of the 3 principal oilmeals—soybean, cottenseed and linseed—totaled 349,000 tons during October-February, down about 3 percent from the 539,000 tons exported during those months in 1959-60. However, the exports of the first 5 months are substantially above the 261,000 tons exported in the same period of 1959-60. The 288,000 tons of soybean meal exported were down 23 percent from a year earlier. Cottenseed meal exports declined to less than a third of the previous October February period, while linseed meal exports dropped 45 percent.

Exports of wheat millfeeds during October-February 1960-61 totaled 12,100 tons, less than half the amount exported during those same months a year earlier.

Exports of commercial mixed feeds have held up well during the October-February period. Exports of poultry feed were 44,900 tons, about the same as a year earlier, while exports of mixed dairy feeds totaled about 2,000 tons, compared with 2,100 tons a year earlier.

Milk Production . . .

(continued from front page)

of herds is represented by cows enrolled in the Dairy Herd Improvement Association. In 1959 DHIA cows produced an average of 10,300 pounds of milk, more than 50 percent above the United States average. The DHIA cows averaged 8,900 pounds of milk in 1949; so the indicated potential has been rising nearly as rapidly as the average for all cows.

Many factors have played a part in the increasing milk production per cow. Most of them, however, center around farmers' attempts to solve two closely interrelated problems: (1) Improving the productive capacity of their herds, and (2) utilize fully this increased productivity. The first is essentially a problem in how to increase the concentration of genes favorable to high milk production in the dairy herd.

Farmers have discovered that one of the quickest ways to achieve this aim is through the use of proven sires. The use of artificial insemination has been a potent force in this endeavor. In each of the last few years, improvements in outstanding herds have been passed on to 7 million milk cows, in 1959 roughly 1/3 of the U. S. total, via artificial insemination, compared to only 2.6 million in 1950. Secondary effects are further diffused among the cow population when the best cows from these crosses are saved for future breeding purposes. More rigorous culling, especially since 1953, has also had an important effect in improving the quality of dairy herds. Culling may be thought of as breeding in reverse, because it improved the genetic makeup of the herd by removing undesirable genes rather than by adding better ones.

To utilize effectively the increased productivity of dairy cattle, farmers have been feeding substantially greater quantities of concentrate feeds to their herds. In addition, very favorable milk-feed price relationships beginning in 1957 also encouraged increased feeding rates. Quantities of concentrates fed per animal have increased faster than the quantity of milk produced per animal in every year since 1954. As a result, in 1960 a record of 32.2 pounds concentrates were fed per 100 pounds of milk on farms where milk or cream was sold, compared with the 1949-58 average of 30.6 pounds.

Another factor which has helped to boost the output of dairy cows, especially over the last decade, has been the shortening of the period during which milk cows remain unproductive. This can be attributed both to the development of animals that have the inherent capacity to produce continuously over wider time spans and to better management on the part of dairy farmers. The shortening of the lactation period has been reflected in the fact that nearly 75 percent of the cows in dairy herds at any time were milked in 1960, compared with only 71 percent in 1950. Improvements in disease control have also been important.

Market Quotations

April
1961

12 MIDWEST CONDENSERIES 3.5% per Cwt.	$3.230
5 CONDENSERIES (Cincinnati) 3.5% per Cwt.	2.9200
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	2.950
Evaporated Milk Code Price, 3.5% per Cwt.	2.898
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	3.3295
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.239
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	3.263
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo)	3.137
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Tri-State, North Central O.)	3.137
Average Weekly Cheddars price per lb.	.34625
Average price per lb. non-fat dry milk solids, roller process, delivered in Chicago	.15581
Average price per lb. 92-score butter at Chicago	.60466
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.14325

THE
Market
Administrator's
BULLETIN

RETURN POSTAGE
GUARANTEED

Room 505
79 East State Street
COLUMBUS, OHIO

June
is Dairy
Month

Library,Current Serial Record,
U. S. Department of Agriculture
Washington 25 D. C 6